

Hicks Family Services, Inc.  
197 Summer Street  
Auburn, ME 04210  
207-786-0111

RECEIVED  
NOV 02 2010  
Division of Licensing and  
Regulatory Services

Ms Phyllis Powel  
CON Unit, Licensing and Regulatory Services  
Department of Human Services  
State House Station #11  
41 Anthony Avenue  
Augusta, ME 04330-0011

Subject: Fryeburg Health Care Center, Inc. (FHCC) - Letter of Intent  
RE: Acquisition of the building formally leased by FHCC  
Date: October 27, 2010

Dear Ms. Powel:

Pursuant to MRS Title 22§337 of the CON regulations, I am sending this Letter of Intent to request a determination by the Department as to whether or not this acquisition is subject to CON review by your office. The total purchase price is estimated to be approximately \$520,000; therefore, in accordance with MRS Title 22§329, it is our understanding this transaction is not subject to CON review. We request a determination letter confirming our assumption.

Brief Description:

David Hicks proposes to purchase 100% of the Limited Partnership known as Fryeburg Health Care Associates from John Schiavi, its general partner. The Partnership currently owns the building leased to FHCC and the mortgage secured by said building. The Partnership also owns certain escrow accounts related to the project.

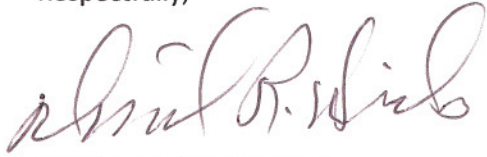
This acquisition will be accomplished by David Hicks purchasing 99% of the Partnership interest and a limited liability corporation owned 100% by David Hicks purchasing the remaining 1%. This will result in David Hicks controlling 100% of the Partnership. The acquisition structure is designed to facilitate the assumption of the U.S Department of Housing and Urban Development (HUD) mortgage in a manner acceptable to HUD.

Mr. Schiavi has a verbal agreement with David Hicks to assume the existing HUD mortgage on the facility. The principal balance of the HUD mortgage at the time of transfer will become the total purchase price of the facility. The purchase price is estimated to be approximately \$520,000 at the time of transfer. The purchase price of the facility will be depreciated over a 10-year life for MaineCare reimbursement purposes. The mortgage interest of the HUD mortgage would be fully allowable for MaineCare reimbursement. The depreciation and mortgage interest will replace the amount of the rent which is currently paid to the Partnership. The basic proposal and reimbursement treatment have been reviewed by Herbert Downs and approved by Brenda Harvey.

David Hicks has operated the leased facility since 1977 when it opened. The operations of the facility will continue to be directed by FHCC.

The effective date of this transaction is anticipated to be January 1, 2011.

Respectfully,

A handwritten signature in dark ink, appearing to read "David R. Hicks". The signature is fluid and cursive, with the first name "David" being the most prominent.

David R. Hicks, President  
Hicks Family Services, Inc.

cc: Russell Begin  
Catherine Cobb  
Herbert Downs